



March 7, 2007

ENGROSSED HOUSE BILL No. 1075

DIGEST OF HB 1075 (Updated March 6, 2007 11:08 am - DI 73)

Citations Affected: IC 4-4.

Synopsis: Individual development accounts. Provides that money withdrawn from an individual development account (IDA) may be used to pay for the rehabilitation of the individual's primary residence. Raises from \$300 to \$400 the amount deposited in an IDA in a year that the housing and community development authority (authority) must match with state funds. Provides that the authority may match any portion of an individual's deposit into an IDA each year that is over \$400. Raises the limit on the amount the authority may annually match from \$900 to \$2,400 per account. Raises the number of IDAs that may be established annually from 800 to 1,000 beginning July 1, 2009. Provides that if the amount appropriated by the general assembly for IDAs is insufficient to make the required matching deposits, the authority shall proportionately reduce the amounts deposited into each account.

Effective: July 1, 2007.

**Day, Murphy, Bardon, Smith V,
Porter**

(SENATE SPONSORS — KENLEY, SIMPSON, KRUSE)

January 8, 2007, read first time and referred to Committee on Family, Children and Human Affairs.

January 26, 2007, reported — Do Pass.

January 29, 2007, read second time, ordered engrossed. Engrossed.

January 30, 2007, read third time, passed. Yeas 98, nays 0.

SENATE ACTION

February 19, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

March 6, 2007, amended, reported favorably — Do Pass.

C
o
p
y

EH 1075—LS 6876/DI 114+



March 7, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1075

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-28-5 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2007]: Sec. 5. As used in this chapter,
3 "individual development account" means an account in a financial
4 institution administered by a community development corporation that
5 allows a qualifying individual to deposit money:

6 (1) to be matched by the state, financial institutions, corporations,
7 and other entities; and

8 (2) that will be used by the qualifying individual for one (1) or
9 more of the following:

10 (A) To pay for costs (including tuition, laboratory costs, books,
11 computer costs, and other costs associated with attendance) at
12 an accredited institution of higher education or a vocational
13 school for the individual or for a dependent of the individual.

14 (B) To pay for the costs (including tuition, laboratory costs,
15 books, computer costs, and other costs) associated with an
16 accredited or a licensed training program that may lead to
17 employment for the individual or for a dependent of the

EH 1075—LS 6876/DI 114+



C
o
p
y

individual.

(C) To purchase a primary residence for the individual or for a dependent of the individual or to reduce the principal amount owed on a primary residence that was purchased by the individual or a dependent of the individual with money from an individual development account.

(D) To pay for the rehabilitation (as defined in IC 6-3.1-11-11) of the individual's primary residence.

~~(D)~~ **(E)** To begin or to purchase part or all of a business or to expand an existing small business.

SECTION 2. IC 4-4-28-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) An individual may deposit money from the individual's earned income into the individual's account.

(b) An individual may deposit an unlimited amount of money into the individual's account. However, only ~~three~~ **eight** hundred dollars ~~(\$300)~~ **(\$800)** annually is eligible for a state deposit as provided in section 12 of this chapter.

SECTION 3. IC 4-4-28-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Not more than eight hundred (800) accounts may be established in the state each **state fiscal year beginning before July 1, 2009.**

(b) Not more than one thousand (1,000) accounts may be established in the state each state fiscal year beginning after June 30, 2009.

~~(b)~~ **(c)** A community development corporation shall use money that is in an individual development account fund established under section 13 of this chapter to allow a qualified individual on a waiting list maintained by the community development corporation to establish an account.

SECTION 4. IC 4-4-28-12, AS AMENDED BY P.L.1-2006, SECTION 53, AND AS AMENDED BY P.L.181-2006, SECTION 8, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The *Indiana housing and community development* authority shall allocate, for each account that has been established, ~~after June 30, 2001~~, for not more than four (4) years, ~~including any time in which an individual held an individual development account under this chapter before July 1, 2001~~, three dollars (\$3) for each one dollar (\$1) **of the first four hundred dollars (\$400)** an individual deposited into the individual's account during the preceding twelve (12) months. **However, if the amount appropriated by the general assembly is insufficient to make the deposits**

C
o
p
y



1 required by this section for accounts that have been established,
 2 the authority shall proportionately reduce the amounts allocated
 3 to and deposited into each account. The authority may allocate
 4 three dollars (\$3) for each one dollar (\$1) of any part of an amount
 5 above four hundred dollars (\$400) an individual deposited into the
 6 individual's account during the preceding twelve (12) months.
 7 However, the authority's allocation under this subsection may not
 8 exceed ~~nine~~ two thousand four hundred dollars (~~\$900~~) (\$2,400) for
 9 each account described in this subsection.

10 (b) Not later than June 30 of each year, the *Indiana housing and*
 11 *community development* authority shall deposit into each account
 12 established under this chapter the appropriate amount of money
 13 determined under this section. However, if the individual deposits the
 14 maximum amount allowed under this chapter on or before December
 15 31 of each year, the individual may request in writing that the authority
 16 allocate and deposit the matched funds under subsection (a) into the
 17 individual's account not later than forty-five (45) days after the
 18 authority receives the written request.

19 (c) Money from a federal block grant program under Title IV-A of
 20 the federal Social Security Act may be used by the state to provide
 21 money under this section for deposit into an account held by an
 22 individual who receives assistance under IC 12-14-2.

23 SECTION 5. IC 4-4-28-16 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. (a) Money
 25 withdrawn from an individual's account is not subject to taxation under
 26 IC 6-3-1 through IC 6-3-7 if the money is used for at least one (1) of
 27 the following:

28 (1) To pay for costs (including tuition, laboratory costs, books,
 29 computer costs, and other costs) at an accredited institution of
 30 higher education or a vocational school for the individual or for
 31 a dependent of the individual.

32 (2) To pay for the costs (including tuition, laboratory costs, books,
 33 computer costs, and other costs) associated with an accredited or
 34 a licensed training program that may lead to employment for the
 35 individual or for a dependent of the individual.

36 (3) To purchase a primary residence for the individual or for a
 37 dependent of the individual or to reduce the principal amount
 38 owed on a primary residence that was purchased by the individual
 39 or a dependent of the individual with money from an individual
 40 development account.

41 (4) To pay for the rehabilitation (as defined in IC 6-3.1-11-11)
 42 of the individual's primary residence.

C
o
p
y



- 1 ~~(4)~~ (5) To begin or to purchase part or all of a business or to
2 expand an existing small business.
3 (b) At the time of requesting authorization under section 15 of this
4 chapter to withdraw money from an individual's account under
5 subsection ~~(a)(4)~~, (a)(5), the individual must provide the community
6 development corporation with a business plan that:
7 (1) is approved by:
8 (A) a financial institution; or
9 (B) a nonprofit loan fund that has demonstrated fiduciary
10 stability;
11 (2) includes a description of services or goods to be sold, a
12 marketing plan, and projected financial statements; and
13 (3) may require the individual to obtain the assistance of an
14 experienced business advisor.

C
o
p
y



COMMITTEE REPORT

Mr. Speaker: Your Committee on Family, Children and Human Affairs, to which was referred House Bill 1075, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

SUMMERS, Chair

Committee Vote: yeas 12, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred House Bill No. 1075, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 8, delete "IC 6-1.1-40-6)" and insert "**IC 6-3.1-11-11)**".

Page 2, line 41, after "months." insert "**However, if the amount appropriated by the general assembly is insufficient to make the deposits required by this section for accounts that have been established, the authority shall proportionately reduce the amounts allocated to and deposited into each account.**".

and when so amended that said bill do pass.

(Reference is to HB 1075 as printed January 26, 2007.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

C
O
P
Y

